

Message Text

MRN: 1975SEOUL 002952 SEGMENT NUMBER: 000001 ERROR READING TEXT INDEX

FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE
ADP990
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11
ACTION EB-07

INFO OCT-01 EA-07 IO-13 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /097 W

----- 042910

R 220352Z APR 75
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 6710
INFO USMISSION GENEVA
USDEL MTN GENEVA

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5. ONE FURTHER CLARIFICATION CONCERNS THE IMPORT DEPOSIT REQUIREMENTS DESCRIBED IN THE SUBMISSION DOCUMENT. THE DOCUMENT CORRECTLY LISTS THE REQUIREMENTS AS OF SEPTEMBER 1975 (AND STILL IN EFFECT), BUT FAILS TO MENTION THAT THESE REQUIREMENTS REFLECT VERY SUBSTANTIAL INCREASES IMPOSED IN EARLY 1975 AS A MEANS OF RESTRAINING IMPORT DEMAND (SEE REFS D AND E FOR DETAILS - U.S. MISSION GENEVA WAS NOT INFO ADDRESSEE FOR REFS D AND E, BUT BOTH MESSAGES WERE ROUTED TO USDEL MTN GENEVA).

6. THE EMBASSY HAS INFORMALLY DISCUSSED ITS CONCERNS WITH CHUNG IN-YONG, DIRECTOR, BUREAU OF INTERNATIONAL FINANCE, ROKG MINISTRY OF FINANCE, WHO WILL BE THE PRINCIPAL ROKG REP AT THE REVIEW COMMITTEE MEETING. REGARDING THE B.O.P. ISSUE, CHUNG SAID DATA AT LEAST THROUGH END-1975 WILL BE MADE AVAILABLE TO THE MEETING AND HE IMPLIED THAT THE ROKG WILL TAKE THE INITIATIVE TO SEE THAT THE RECORD REFLECTS A MORE CURRENT ASSESSMENT OF KOREA'S B.O.P. OUTLOOK.

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7. IN CONTRAST TO THIS ATTITUDE TOWARDS THE EMBASSY'S COMMENTS ON THE B.O.P. PRESENTATION, CHUNG IMMEDIATELY BECAME VERY DEFENSIVE IN REACTION TO THE EMBASSY'S OBSERVATIONS ON THE IMPORT RESTRICTIONS PRESENTATION. HE CONTENDED THE OMISSIONS THE EMBASSY CITED ARE TECHNICALLY NOT IMPORT RESTRICTIONS IN THE SENSE INTENDED BY GATT ARTICLE 18 SINCE THEY HAVE NOT BEEN IMPOSED FOR B.O.P. REASONS, PER SE, BUT RATHER TO ACHIEVE OTHER OBJECTIVES, PRINCIPALLY THE PROMOTION OF THE INFANT DOMESTIC MACHINERY INDUSTRY. HE INSISTED ALL NATIONS TAKE MEASURES TO PROMOTE INDUSTRIES THEY DEEM ESSENTIAL AND POINTED TO THE "VOLUNTARY" EXPORT RESTRAINTS WHICH INDUSTRIAL NATIONS PRESSURE KOREA INTO ACCEPTING AS EXAMPLES OF HOW SUCH NATIONS, INCLUDING THE U.S., EMPLOY MEASURES OUTSIDE THE GATT FRAMEWORK TO PROTECT AND PROMOTE INDUSTRIES IMPORTANT TO THEM.

8. CHUNG ASSERTED, MOREOVER, THAT SINCE MOST OF THE MEASURES THE EMBASSY MENTIONED INVOLVE MACHINERY IMPORTS, THEY AFFECT JAPAN, KOREA'S MAJOR SUPPLIER OF MACHINERY, FAR MORE THAN THE U.S. HE THOUGHT JAPAN MIGHT HAVE SOME COMPLAINTS, BUT HE SAID HE COULD NOT UNDERSTAND WHY THE U.S. SHOULD BE SO CONCERNED. HE CONCLUDED BY SAYING HE STRONGLY HOPED THE U.S. WOULD NOT REPEAT NOT RAISE THESE ISSUES AND MAKE IT AWKWARD FOR KOREA.

9. EMBOFFS COUNTERED BY POINTING OUT THAT WHILE JAPAN IS KOREA'S LARGEST SUPPLIER OF MACHINERY, THE U.S. RANKS SECOND, AND CERTAINLY HOPES TO SUPPLY A STEADILY INCREASING VOLUME OF KOREA'S NEEDS. HOWEVER, EMBOFFS STRESSED THAT THE EMBASSY AT PRESENT WAS NOT ATTEMPTING TO CHALLENGE THE ROKG'S JUSTIFICATIONS FOR THESE MEASURES, BUT MERELY ASSERTING THAT THEY SERVE TO RESTRICT IMPORTS AND SHOULD BE INCLUDED IN ANY DISCUSSION OF KOREA'S IMPORT RESTRICTIONS. EMBOFFS POINTED OUT THAT AS THE KOREAN ECONOMY PROCEEDS TO MORE ADVANCED STAGES OF DEVELOPMENT, KOREA'S TRADING PARTNERS, INCLUDING THE U.S., HAVE A RIGHT TO EXPECT KOREA WILL GRADUALLY LIBERALIZE ITS TRADE REGIME AND LIMITED OFFICIAL USE

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NOTED THE SUBMISSION DOCUMENT DECLARES THAT TO BE ROKG POLICY. CONSEQUENTLY, IT IS IMPORTANT THAT EVERYONE UNDERSTAND WHAT THESE RESTRICTIONS ARE AND THE FACT THAT THEY ARE CONSIDERED TEMPORARY IN NATURE.

10. ONE MINOR OMISSION NOT DISCUSAD WITH CHUNG CON-

CERNS THE RECENT RATIFICATION BY THE ROK NATIONAL ASSEMBLY OF A MULTILATERAL TRADE AGREEMENT NEGOTIATED BY SEVEN MEMBERS OF THE ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (ESCAP) IN BANGKOK IN JULY 1975. THE AGREEMENT WILL AFFORD PREFERENTIAL TARIFF TREATMENT ON SELECTED PEMS TO THE SIGNATORY NATIONS WHEN IT COMES INTO FORVU. THE PRACTICAL EFFECT OF THIS AGREEMENT IS EXPECTED TO BE EXTREMELYHYINGD. (SEE REF F AND G FOR DETAILS.)

11. COMMENT: CHUNG WAS NOT NOTICEABLY SWAYED BY THE EMBASSY'S ARGUMENTS AND TMS ROKG IS UNLIKELY TO

VOLUNTEER INFORMATION ON THE OMISSIONS IN THE SUB-MISSION DOCUMENT UNLESS PRESSED TO DO SO. THE EMBASSY IS PARTICULARLY CONCERNED WITH THE OMISSIONS CITED ABOVE SINCE, AS CURRENTLY STRUCTURED, THE COVERAGE OF THESE MEASURES IS ALMOST AUTOMATICALLY EXPANDED AS THE FAST DEVELOPING KOREAN ECONOMY PRODUCES AN EVER

INCREASING ARRAY OF PRODUCTS.

12. THE EMBASSY IS AWARE THAT MOST DEVELLPING COUNTRIES EMPLOY ROUGHLY COMPARABLE MEASURES TO PROTECT AND PROMOTE DOMESTIC INDUSTRIES AND DOES NOT BELIEVE KOREA SHOULD BE SINGLED OUT FOR SPECIAL CENSURE. HOWEVER, THE PACE OF KOREAN DEVELOPMENT IS SUCH THAT THE TIME WHEN THESE ISSUES WILL TAKE ON ADDED IMPORTANCE IS APPROACHING MUCH MORE RAPIDLY IN THE KOREAN CASE THAN IT IS FOR THE MAJORITY OF DEVELOPING COUNRTRIES. CHUNG'S PROTESTATIONS NOTWITHSTANDINGJN THE EMBASSY BELIEVES THE OMISSIONS DESCRIBED ABOVE SHOULD BE DISCUSSED IN THE CONTEXT OF THE GATT B.O.P. COMMITTEE REVIEW AND RECOMMENDS THAT THE U.S.G. ENDEAVOR TO SEE THAT THEY ARE.

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